

## Message Text

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TO SECSTATE WASHDC 5826

INFO AMEMBASSY LAGOS

AMEMBASSY MBABANE

UNCLAS NAIROBI 1734

E.O. 11652 N/A

TAGS: BEXP KE

SUBJ: PRINTING AND GRAPHIC ARTS TRADE MISSION

REF: STATE A-187 AND 030306; NAIROBI 1519

1. KENYA MARKET SURVEY NECESSITATING MORE INTERVIEWS THAN EXPECTED. IMPOSSIBLE TO SEND COMPLETE SURVEY THIS TIME. THE FOLLOWING FOR WASHINGTON CONSIDERATION UNTIL DETAILED SECTOR DEMAND CAN BE ESTABLISHED.

2. THE KENYA PRINTING INDUSTRY. THE KENYA INDUSTRY IS TWO TIERED PRINTING INDUSTRY WITH FIVE MAJOR PRINTING FIRMS AND MYRIAD OF SMALL PRINTING SHOPS.

TWO MAJOR PRINTERS ARE OWNED BY THE TWO MAJOR NEWSPAPERS PUBLISHERS AND PRINT THE FOUR NATIONWIDE NEWSPAPERS. THESE TWO PLANTS HAVE MOST MODERN EQUIPMENT, MOSTLY BRITISH AND GERMAN, AND UNDER SUPERVISION OF LARGE EUROPEAN TECHNICAL STAFFS, HAVE CAPABILITY TO PRODUCE, IN END USERS' ESTIMATES, QUALITY EASILY EQUAL TO EUROPEAN, ALTHOUGH MOST WORK, FOR PRICE REASONS, IS AVERAGE QUALITY. THREE OTHER MAJOR FIRMS CONCENTRATE IN BOOK AND MAGAZINE FIELD AND WHILE SMALLER WITH LESS SOPHISTICATED EQUIPMENT AND TECHNICAL STAFF, PRODUCE GOOD WORK BOTH COLOR AND BLACK AND WHITE.

3. SECOND TIER PRINTERS HAVE VARIED CAPABILITY AND QUALITY  
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DEPENDING ON TYPE OF EQUIPMENT AND OPERATORS SKILL. MOST

DEPEND ON ONE OR TWO MACHINES FOR THEIR MAJOR OUTPUT AND NOT CAPABLE OF PRODUCING LARGE QUANTITIES OF GOOD QUALITY WORK, BUT GOOD FOR LIMITED AMOUNTS OF AVERAGE WORK.

4. END USER COMMENTS: BIGGEST COMPLAINT OF END USERS IS NOT QUALITY BUT LONG DELAYS AT MAJOR PRINTERS. FIVE MAJOR PRINTERS HAVE LARGE BACKLOGS BUT INABILITY OF SECOND TIER PRINTERS TO PRODUCE COMPARABLE QUALITY GIVES END USERS NO ALTERNATIVE. THIS SPILLOVER SHOULD PROVIDE INCENTIVE FOR EXPANSION OF BETTER SECOND TIER PRINTERS BUT FOR REASONS BELOW LARGE EXPANSION NOT ANTICIPATED.

5. BARRIERS TO EXPANSION OF SECOND TIER

A) CURRENT WORLD-WIDE PAPER SHORTAGE HAS MADE IT IMPOSSIBLE FOR SMALLER PRINTERS TO SECURE GUARANTEED SUPPLIES NEEDED FOR EXPANSION. PUBLISHER OF TWO OF THE FOUR NEWSPAPERS WOULD LIKE TO ESTABLISH, OWN PRINTING FACILITY, AND KEENLY INTERESTED IN U.S. EQUIPMENT BUT UNABLE TO SECURE NEWSPRINT.

B) POLITICAL UNCERTAINTY: MOST SECOND TIER PRINTERS WITH CAPITAL AND SKILLS NEEDED TO EXPAND ARE KENYANS OF ASIAN ORIGIN. UNCERTAINTY ABOUT FUTURE POLITICAL SITUATION AND THEIR STATUS MAKES THEM RELUCTANT TO MAKE MAJOR CAPITAL INVESTMENTS NEEDED FOR EQUIPMENT FOR FIRST TIER QUALITY. LIMITED CAPITAL OF OTHER MAKERS MAJOR EXPANSION UNLIKELY ALTHOUGH GOVERNMENT CREDIT FACILITIES MAY BE ABLE TO OVERCOME CAPITAL PROBLEMS FOR SOME IN THIS SECTOR.

C) TECHNICAL SKILLS. LACK OF TECHNICAL KNOWHOW IS BIGGEST BARRIER TO EXPANSION OF SECOND TIER. SMALLER PRINTERS DO NOT HAVE RESOURCES TO HIRE FOREIGN EXPERTS ALONG WITH EQUIPMENT NEEDED TO UPGRADE OUTPUT QUALITY. NO LOCAL PROGRAMS TO TRAIN HIGHLY SKILLED PRINTERS.

6. OVERALL MARKET: EXPANSION OF MAJOR PRINTERS AND BOX PRINTERS LIMITED BY PAPER SHORTAGE. SEE LITTLE MARKET FOR LARGE TICKET ITEMS UNTIL SHORTAGE EASES. BEST PROSPECTS SEEM IN COMPOSING ROOM EQUIPMENT, PLATE MAKING EQUIPMENT OTHER PRODUCTS, DEPENDING ON COMPATIBILITY WITH EXISTING EQUIPMENT.

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MOST BOOK PRINTING DONE IN SHORT RUN PAPERBACK EDITIONS AND LITTLE MARKET SEEN FOR LARGE VOLUME U.S. EQUIPMENT. MAILERS OF LIMITED INTEREST DUE TO SMALL CIRCULATION OF MOST LOCAL PUBLICATIONS. MORE DETAILED SECTOR ANALYSIS TO FOLLOW WHEN COMPLETE.

7. MARKET SIZE STATISTICS: (SOURCE: EAST AFRICAN CUSTOMS)

PRINTING AND BOOKBINDING EQUIPMENT (SITC 718.200) ONLY  
CATEGORY LISTED. LOCAL PRODUCTION NIL. TOTAL 1972 IMPORTS  
WERE DOLS 1,623,000, AS FOLLOWS:

|             |         |
|-------------|---------|
| U.K.        | 639,000 |
| W.GERMANY   | 506,000 |
| SWEDEN      | 115,000 |
| NETHERLANDS | 108,000 |
| U.S.A.      | 91,000  |
| OTHERS      | 164,000 |

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